

NO CHANGE in Class. ☐

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DOS review completed

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 10 May 78 By:   GENERAL

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1. Benelux invited to study proposed French-Italian union--  
According to US Ambassador Caffery in Paris, the French Foreign Office has suggested that the Benelux countries join in a study of the report of the French-Italian customs union committee. Caffery reports the opinion of French Foreign Minister Bidault that a customs union with Benelux "would be very interesting" but that one with Italy alone "would have little practical application."

(CIA Comment: CIA believes that the Benelux countries will approach the French suggestion with caution because of their fear that France would dominate such a customs union. Benelux would probably consider more favorably a customs union on a wider European basis.)

2. British plans for Saudi Arabian defense treaty--The UK Foreign Office has informed US Embassy London of the general terms of a proposed Saudi Arabian treaty which would provide Saudi Arabia with British assistance in case of attack. The Foreign Office told the Embassy that the UK hopes to obtain rights to the use of Saudi Arabian facilities in time of war or threat of war, and the use of communications and other facilities in peacetime.

The British Ambassador in Jidda has informed US Minister Childs that King Ibn Saud has favorably received proposals for a UK-Saudi Arabian treaty. Childs comments that the British Government "has virtually overnight replaced the US in the confidence of the King" and adds that "US stock has never been lower with the Saudi Arabian Government than it is today."

3. Dutch and Danes resent UK-French postponement of CEEC--  
US Charge Bonsal in The Hague reports that the Netherlands Government objects to the Anglo-French announcement postponing a new meeting of the Committee for European Economic

State Dept. declassification & release instructions on file

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Cooperation (CEEC) without conferring with other participating nations. The Dutch feel that the British and French have no authority thus to commit other countries and should no longer consider themselves as "sponsoring" powers. In deference to Dutch objection, the British and French agreed not to take action of this sort in the future without consultation with some of the participating countries.

US Ambassador Marvel in Copenhagen has been informed by the French Ambassador that the Danish Government has rejected a British suggestion that the three Scandinavian countries meet in Stockholm to discuss the European recovery program. The French Ambassador reportedly believes that in suggesting Sweden as the place for such a conference, the UK tactlessly failed to recognize Danish initiative and cooperation in the CEEC.

#### EUROPE

4. ITALY: Italian reaction to US military aid proposals--Premier De Gasperi has indicated to US Ambassador Dunn a desire to learn further details concerning terms of payment for the possible transfer of US military equipment to Italy [redacted]

[redacted] De Gasperi observed that the expenditure of as much foreign exchange as contemplated might expose him to vigorous attack from the Left.

De Gasperi also has expressed to Dunn the view that any landings of US combat planes on Italian airfields would embarrass the Italian Government at the present time and would assist the Communist campaign against "American imperialism." Dunn concurs in this view and strongly urges that the plans for US air exercises be held in abeyance pending further developments in the Italian political situation [redacted]

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5. **PORTUGAL:** Improved prospects for Azores agreement--  
US Ambassador Wiley reports that he has been assured by the Portuguese Minister of War that the US "need have no concern whatsoever" about the Azores agreement. The Minister reportedly indicated that the text of the operational agreement will be interpreted very generously by his Government.
  
6. **AUSTRIA:** Figl to consult US before commitments to USSR --  
According to US Minister Erhardt, Chancellor Figl has assured General Keyes that the Austrian Government will not make commitments to the USSR involving Austrian sovereignty or well-being without prior consultation with US representatives on the Allied Control Council.

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